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10 page

Mysore Residency

28/2/07 Pros. Serial Nos. 1-3

Subject.

Orders of the Govt of India on chapter VIII of the Excise Committee's report relating to tari or toddy

Previous References.	Later References.

R. P.H.—4-1907 1,000

File No.

RESIDENT'S OFFICE.

Note Sheet.

Letter No. 299 B Sec, dated 16th May 1907
from the Govt of India, Finance dept

SUBJECT.

Orders of the Govt. of India on the recommendations contained in certain Chapters of the Report of the Indian Excise Committee, 1905-1906.

Probably copies of these resolutions may be received from the Foreign Department in due course, but in the mean time, they may be sent to the Collector, Civil and Military Station, for report as to the action that should be taken in connection with the Excise Administration of the C. & M. Station.

Four drafts are submitted for approval, in order to enable each question being dealt with separately on receipt of the Collector's ~~xxxxx~~ reply.

Id/ A.D.
15/6/07

Id/ N.S.T.
15-6-07.

Resident-

These resolutions have been received already in connection with Coorg Excise. The Collector in consultation with the Deputy Commissioner of Abkari can now submit proposals based on them for the amendment of our present system.

Id/ F.P.R.
17-6-07.

Id/ A.W.
18-6.

Memo No 4356 dt 18/6/07

RESIDENT'S OFFICE.

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NOTES AND PRECIS.

R. P. B —6-05.—1,000.

No. 2996-Exc.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

SEPARATE REVENUE.
Excise.

RESOLUTION.

Simla, the 16th May 1907.

This Resolution deals with Chapter VIII of the Report of the Excise Committee, on the subject of Excise arrangements in respect to *tari* or toddy.

2. In paragraph 17 of the Resolution of the Government of India, No. 5001-Exc., dated the 7th September 1905, the following instructions were given to the Committee in regard to their inquiries on this subject:—

> "As regards *tari* (or toddy), the Committee should consider whether the tree-tax system, which from a revenue point of view has been very successful in Madras, or any similar system, can or should be extended to other parts of India, due regard being paid everywhere to local conditions. In this connection it should be clearly borne in mind that, so far as present information goes, *tari* is the least noxious of all the forms of alcohol in common use in India, and that it would be a great evil to discourage its use if this result should be purchased at the cost of driving the people to more deleterious intoxicants. No considerations of revenue could be permitted to justify such a course.
>
> "Another most important consideration is whether such a change of system, if held to be desirable in itself, can be effected without inquisitorial and harassing interference with the people and the employment of a large staff of low paid preventive officers. The Government of India are disposed to regard such a result as an evil only less serious than excessive drinking, and it must be justified, if at all, by other considerations than those of revenue."

The Committee were also asked (paragraph 14 of the same Resolution) to consider whether the extraordinarily high proportion of prosecutions and departmental cases in Madras, which had attracted the attention of the Government of India, was an inevitable feature of the local system of administration, or whether it could not be remedied by suitable arrangements.

3. The areas in which the greatest consumption of *tari* takes place are (paragraph 139 of the Report) the Bihar districts of Bengal; the Gorakhpur and Benares divisions, and the Farrukhabad district of the United Provinces; the whole of the Madras Presidency except the Nilgiris; the greater part of Bombay; the Nagpur, Wardha and Chanda districts of the Central Provinces and the adjacent districts of Berar and Coorg. The estimate which the Committee have made of the consumption per head and taxation per gallon of *tari* in certain portions of the above-mentioned provinces (with the exception of Coorg) shows that the consumption per head in Bengal and the Central Provinces is relatively large, and the estimated revenue per gallon low, as compared with Madras and Bombay. As was stated by the Hon'ble Mr. Baker in the debate on the Budget for 1907-08, the Committee have pointed out (paragraphs 137 and 141 of the Report) that *tari* is stronger than has sometimes been

imagined; that the statements as to its relative harmlessness apply only to cases in which it is drunk fairly fresh and in moderate quantities; and that if it is consumed stale or to excess it acts to the detriment of the consumer. It seems to be clear that, in Bengal and the Central Provinces in particular, the consumption of toddy requires more adequate check, by improved Excise methods and enhanced taxation, than it has yet received. Moreover, the Government of India have, in accordance with the recommendations made by the Committee in Chapters III—VI of their Report, emphasised the desirability of adopting measures for the restriction of the consumption of country spirit by enhancement of taxation over large parts of the country. There will, therefore, be considerable risk of increased consumption of *tari* in such areas unless steps are taken to raise the taxation on it also.

4. The Committee hold that the best method of restricting consumption is the adoption of a tree-tax system, which has the advantage of affording a tax roughly proportionate to the amount of toddy consumed. Such a system is already in force in Madras and Bombay, and that which the Committee would apply to other parts of India is described by them in paragraph 163 of the Report, as "one based on the principle of tree-tax, but with less variety than the systems of Bombay and less elaboration than that of Madras. The main features would be the levy of as much taxation as possible upon the tree, the free grant of domestic consumption licenses to tree-owners, the grant of comparatively numerous licenses for sale in the neighbourhood of the palm groves, an appreciable reduction of shops in towns and villages, especially in the former, the enactment of simple rules to cover transport and sale, and the employment of a moderate number of well-paid officers to check drunkenness, enforce the other license conditions, and prosecute directly for illicit tapping and sale."

5. Before referring to the question of the introduction of a tree-tax system where this is not at present in force, it will be convenient to consider the observations of the Committee as to the working of the systems now existing in the various provinces. Outside Madras and Bombay these all involve the disposal by auction of the right to produce and sell fermented *tari*. In some cases the right of vend of *tari* has been conjoined with that of country spirit, a very undesirable combination, in that it obviously tempts a vendor to push his sales of spirit to the prejudice of the less expensive and less profitable *tari*. The disadvantages of this system have recently been pointed out by the Government of India in the case of Central India, and it has, as stated by the Committee, led to the cessation of the small amount of consumption of *tari* formerly existing in the Punjab and Ajmer-Merwara. The only area in British India in which the system at present prevails is the Chavakkat Deputy Tahsildar's division of the Malabar district of Madras; but here, where the spirit drunk is toddy spirit, the consumption of toddy has increased and not diminished; and it is observed that the Government of Madras have already taken steps towards better control.

Should any future demand for *tari* arise in the Punjab, it should be supplied by separate vend arrangements.

6. Outside the areas above-mentioned—under the Bengal system (which is that of Eastern Bengal also) the right of vend of *tari* is disposed of by separate shops; whereas in the United Provinces, the Central Provinces, Sind, and Coorg, the farming system has hitherto prevailed. But under the orders conveyed in paragraph 17 of the letter of the Government of India, No. 3947-Exc., dated the 11th July 1905, the Excise authorities in the Central Provinces are gradually working towards much smaller contract areas which it may be possible finally to resolve into separate shops.

The defects of the Bengal system have been pointed out by the Committee in paragraph 164 of their Report and are fully admitted in the Provincial Excise Reports for 1904-05 and 1905-06, while in the other provinces the methods adopted are, as the Committee observe, analogous to the farming of country-spirit monopolies.

7. A general description of the Madras tree-tax system is given in paragraphs 152 to 155 of the Report. Its financial success is indubitable, and the Committee have found evidence that its first introduction was followed by a decrease of drunkenness. The system has, however, been accompanied by a very high proportion of prosecutions—a fact to which the attention of the Committee was specifically invited.

The Committee have fully explained the historical reasons and other circumstances to which the large number of prosecutions is due, and have justly drawn attention to the reduction of drunkenness which the strict enforcement of the law has secured. The Committee, however, practically admit that the number of prosecutions has been unnecessarily large and could be reduced. In paragraph 286 of their Report they indicate that one contributory cause has been the unsatisfactory extent to which the Collector has been dissociated from the Excise administration, a matter which will be dealt with in reviewing Chapter XIII. In paragraph 160, again, they refer with regret to the decision of the Madras Government to confine sale to licensed shops, most of them away from the palm groves; and they point out that "not only is toddy when freshly drawn much less intoxicating than that which has fermented for some hours and been mixed in the shop with the stale refuse of the previous day, but the prohibition of sale at the tree-foot has created a number of offences of a technical nature and in many cases the concentration of drinking in towns has resulted in a public nuisance."

8. The Government of India concur that the number of Excise prosecutions is unjustifiably large as compared with other provinces (*vide* paragraph 281 of the Report) and especially as compared with Bombay, where the tree-tax system is also in force. They admit the considerations which mitigate the gravity of the evil: but the evil remains a serious one, which cannot be allowed to recur in any other province.

9. The Government of India are unable to accept the Committee's view that it is too late for the Local Government to retrace their steps in the matter of confining the sale of toddy to licensed shops. They would suggest to the Government of Madras that a trial should be made of tree-foot sales, concomitantly with a reduction in the number of licensed shops, in one or two districts, and that if this experiment proves a success the system should be further extended. They consider also that landholders should, as suggested by the Committee, be encouraged to take out licenses for domestic consumption, particularly in the West Coast districts. It is further clear from the remarks made in paragraph 160 of the Report that it would be possible to reduce the number of prosecutions by the substitution of Assistant Inspectors for Sub-Inspectors on a lower rate of pay as the immediate preventive agency, and by an increase in the number of officers who are empowered to hold a preliminary enquiry into cases reported to them and to dismiss those which they think insufficiently proved, or in regard to which they consider that a warning against further malpractices would be sufficient.

10. The Government of India approve of the suggestions made by the Committee (paragraph 168 of the Report) in respect to the discrimination of sweet and fermented toddy areas, etc., save that they are not in favour of the proposal to grant shops on fixed fees. As indicated in paragraph 155 of the Report, the fixed fee system is already in force in respect of toddy shops in Madras Town and the Ganjam and Vizagapatam districts; but it should not, in the opinion of the Governor General in Council, be further extended. As in the case of country spirit shops, which will be referred to in reviewing Chapter X of the Committee's Report, an auction system is valuable as preventing the growth of vested interests in the shops, as avoiding office intrigue and chicanery in regard to their disposal, and as an index of the adequacy or otherwise of the existing rates of tree-tax. The considerations adduced by the Committee, in paragraph 168 of the Report, in favour of giving the shop-keeper greater fixity of tenure could be met by extending the period of auction sale to three years, which

would render cancellation of the vend license for misconduct a much more serious matter than it is now, while the suggested restriction of tapping for fermented toddy in particular areas could be made a condition of the vend license.

11. The Committee have found (paragraph 160 of the Report, *ad fin.*) that the high proportion of vend fees to tree-tax, and the increasing consumption and the low price of toddy in some areas, indicate that the time has come when an increase in the tree-tax should be made throughout the greater part of the Madras Presidency. The Government of India are glad to observe from paragraph 28 of the Madras Excise Administration Report for the year 1905-06 and from paragraph 10 of the Local Government's review thereof, that action in this direction is already being taken.

12. The Madras Government should consider the remarks of the Committee (paragraph 169 of the Report) as to the destructive character of the Madras system of tapping date palms. On the other hand, the Madras system of regulating the tapping of toddy trees on Government land is mentioned by the Committee with approval, and in other provinces where the matter is of importance the Local Governments concerned should consider the desirability of adopting similar restrictions.

13. In regard to Bombay the principal defects found by the Committee are the great diversity of systems and rates of tree-tax, and the want of an adequate controlling establishment. On the former subject, the Committee observe that "the general principle underlying the diverse forms appears to be that the taxation of toddy should be on the basis of its alcoholic strength as compared with spirit, and that the rate of duty (the tree-tax) should bear a direct relation to the general productiveness of the trees in particular areas. Where toddy is in use as a distilling base, the rates of tree-tax are enhanced so as to cover the greater portion of the duty on the spirit, the balance being made up by a direct still-head duty. But in all cases toddy is more lightly taxed than country spirit in proportion to the alcohol which they respectively contain." Simplification and reform in these respects are very desirable, and will be rendered much more easy by the fact that it has been decided to accept the recommendation made by the Committee in Chapter VII of their Report that toddy should no longer be recognised as a base for the distillation of country spirit, and that the production of toddy spirit in the Presidency should be confined to a single distillery at Dadar, where it should eventually be taxed at full tariff rates. The suggestion made in paragraph 6 (5) of the Resolution in this Department, No. 7057-Exc., dated the 18th December 1906, that, as circumstances permit, the specially low rates allowed on trees tapped for domestic consumption by the backward aboriginal classes should be raised, will also assist in the simplification of the Bombay system.

The second defect, the want of an adequate controlling establishment, should be largely remedied by the increased preventive establishments for the province which have recently been sanctioned by the Secretary of State.

14. The Government of India commend to the consideration of the Bombay Government the general suggestions for reform made in paragraph 151 of the Report, and would lay special emphasis on the desirability of increasing the tree-tax in Surat so as to diminish the high toddy consumption there, which amounts to two-fifths of that of the whole province, and is nevertheless accompanied by a very high rate of country spirit consumption (paragraph 149 of Report). It is significant in this connection that, as stated in paragraph 140 of the Report, toddy in Surat sells for 1½ annas a gallon or a little over, whereas the ordinary price in the rest of the province is between 3 and 4 annas. The Government of Bombay should also consider the desirability of allowing exemption from taxation to unfermented toddy when drawn in pots coated with lime, as is the practice in Madras. On the other hand, it would appear from paragraph 165 of the Report that there may have been some abuse of concessions allowed in the Surat district in respect of *tari* drawn for the manufacture of vinegar.

15. Where a tree-tax system is not at present in force, the Government of India desire to leave the question of its introduction to the entire discretion of the Local Governments concerned. They must, however, stipulate—

(1) That the system should only be introduced where there is a preventive establishment sufficient to render it effective, and where the superior staff can be trusted to check malpractices or over-zeal on the part of subordinates, and to make a preliminary local investigation of cases in which prosecution is contemplated. The superior staff should have full discretion to release persons brought before them on failure of adequate proof, or with a warning against repetition of the offence.

(2) That the extension of the system should be gradual, so that advantage may be taken of the experience gained in the tracts in which it has already been applied, and the new areas taken up can be largely officered by men who have gained previous knowledge of the system elsewhere.

16. In the case of the particular provinces concerned the present position is as follows :—

(*a*) In Bengal, the Committee suggest (paragraph 164 of the Report) the experimental introduction of a light tree-tax system in a single district (Mozuffarpore). If His Honour the Lieutenant-Governor so desires, the system may be given a trial. But, for the reason stated in paragraph 10 above, the Government of India disapprove of the suggestion of the Committee that a system of fixed fees for shops should eventually be worked up to. It should also be borne in mind, as explained in the preceding paragraph, that an adequate and well supervised establishment is a *sine qua non* for the successful working of the system.

(*b*) The Governments of Eastern Bengal and Assam and the United Provinces are considering the question of *tari* administration in those provinces, and the results of their deliberations will be awaited. If they should be in favour of a tree-tax system, the conditions indicated in paragraph 15 must be borne in mind.

(*c*) In Sind the revenue from *tari* is insignificant; and here too the Bombay Government are inquiring into the matter.

(*d*) In the Central Provinces, the experimental introduction of the tree-tax system in the Amraoti district of Berar has already been authorised, and if it succeeds there its extension to other portions of the province will follow.

(*e*) As regards Coorg, the Chief Commissioner should consider, with reference to paragraph 164 of the Committee's Report, what reforms it is possible to introduce in the toddy administration there.

ORDERED that a copy of the foregoing Resolution be communicated, in continuation of Resolution No. 2995-Exc., dated the 16th May 1907, to all Local Governments and Administrations, with the request that they will report, as soon as possible, the extent to which they will be prepared to adopt the recommendations of the Committee in so far as they have been approved by the Government of India ; also to Major C. H. Bedford, I.M.S.

J. S. MESTON,

Secretary to the Government of India.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

SEPARATE REVENUE.

Excise.

RESOLUTION.

No. 2996 Exc.

Dated Simla, the 16th May 1907.

Orders on Chapter VIII of the Report of the Excise Committee.

G. C. Press, Simla.—No. 420 Fin. D.—17-5-07.—2,000 H. A. W.

R. P. B.—6-07—1,500.

RESIDENT'S OFFICE.

Serial No. 2
File No. 457
105

[DRAFT.]—For approval.

From

F. P. RENNIE, Esq., I. C. S.,
1st Assistant to the Resident in Mysore.

No. 4356 dated 4 Jan 1907.

To The Collector for the station of Bangalore

Sir,

I am directed to forward a copy of the resolution of the Govt of India in the Finance Dept No 2996 dated the 16th Aug 1907 dealing with chapter VIII of the Report of the Indian Excise Committee, 1905-1906, & to request the Resident may be favoured with a report regarding the to action that should be taken in connection with the Excise Administration of the Cantonment of Bangalore

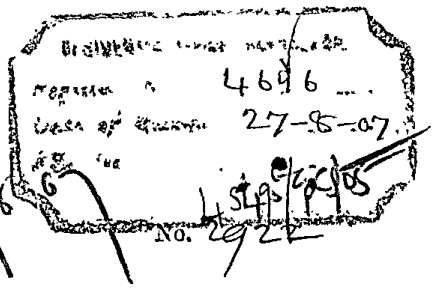
I am, etc,

Sd/- 19/8/07

for
First Asst to Resident.

Pd 15/1/07

15/1/07



R. P. B.—6-07.—250. 3

OFFICE OF THE COLLECTOR,

CIVIL AND MILITARY STATION, BANGALORE.

Dated 26th August 1907.

FROM

P. L. Moore ESQ., I. C. S.,
COLLECTOR,
CIVIL AND MILITARY STATION,
BANGALORE.

To J. P. Rennie Esq: I C. S.
FIRST ASSISTANT TO THE HONOURABLE THE RESIDENT
IN MYSORE.

SIR,

With reference to your letter No: 4356 dated 20th June 1907, with which you forwarded for report, a copy of a resolution of the Government of India in the Finance Department no: 2996 Exc: dated 16th May 1907, dealing with Chapter VIII of the Excise Committee's report, I have the honour to state that, nothing in this resolution appears to apply directly to the toddy arrangements of the C and M Station.

2. As all the toddy consumed in

with the station has to be obtained from the Mysore State, the question of tree-foot sales does not arise. The rate of tree tax has been raised only very recently and I do not think that the Durbar can be moved at present to consider a further increase.

Sl 130 of 64886

I have the honour to be,

Sir,

Your most obedient servant,

Collector.